1971 Annual Report

American Broadcasting Companies, Inc.

Contents

Year in Brief

	1971	1970
Revenues		
Broadcasting	$528,020,000	$523,221,000
Theatres	95,887,000	99,918,000
Records, motion pictures, publishing and others	132,588,000	125,123,000
Total	$756,495,000	$748,262,000
Earnings – Total		
Operations		
Before income taxes	$ 31,596,000	$ 35,130,000
Provision for Federal income taxes	13,700,000	15,721,000
Provision for state, foreign and local taxes	2,956,000	3,430,000
	16,656,000	19,151,000
	14,940,000	15,979,000
Capital and non-recurring gains (losses), net	(1,740,000)	818,000
	$ 13,200,000	$ 16,797,000
Earnings – Per Average Share of Common Stock		
Operations	$ 2.10	$ 2.25
Capital and non-recurring gains (losses)	(.24)	.12
	$ 1.86	$ 2.37
Fully-Diluted Earnings Per Average Share of Common Stock		
Operations	$ 1.92	$ 2.08
Capital and non-recurring gains (losses)	(.20)	.10
	$ 1.72	$ 2.18
Dividends		
Total	$ 8,519,000	$ 8,503,000
Per share	$ 1.20	$ 1.20
Financial Position at Year End		
Working capital	$176,950,000	$188,225,000
Property and equipment, net	146,925,000	146,148,000
Total assets	496,076,000	479,045,000
Long-term debt	159,729,000	177,393,000
Stockholders' equity:		
Total	177,515,000	172,044,000
Per outstanding share	24.95	24.27
Number of common shares outstanding at year end	7,115,782	7,088,903
Average number of common shares outstanding	7,099,000	7,083,000
General		
Stockholders of record	15,065	17,248
ABC-TV Network primary affiliates	171	168
Theatres	431	434

Letter to Shareholders

Net operating earnings for the final quarter of 1971 were the highest for any fourth quarter in our history, although not enough to offset the decline of the first nine months, which principally reflected the effects of the soft economy, the loss of cigarette advertising and disappointing results in motion picture production. The substantial increase in fourth quarter earnings was principally due to the impressive progress made by the television network. We expect earnings to continue to improve strongly in 1972.

Net operating earnings for the fourth quarter were $5,750,000 or 80¢ a share compared with $2,879,000 or 41¢ a share for the like quarter of 1970. Net operating earnings for the year were $14,940,000 or $2.10 a share compared with $15,979,000 or $2.25 a share for the prior year. Revenues for the fourth quarter and for the year were $222,838,000 and $756,495,000 respectively, compared with $207,534,000 and $748,262,000 for the like periods of 1970.

Television network revenues were about equal to 1970 levels, despite a reduction in prime-time programming and the elimination of cigarette advertising. As in the past two years, the network continued to improve its program schedule and has now achieved a much more fully competitive audience position than at any time in the past. For the year as a whole, the network reduced its loss from that of the prior year.

Our five owned television stations continued to maintain a strongly competitive position in their markets. Revenues and earnings were lower because of general industry conditions in national spot advertising, particularly in the last six months of the year. The stations' performance in serving their local communities through local programming and local news was most impressive.

The four radio network program service concept, an innovation which was initiated in 1968, has proved its viability as reflected by the increasing number of important stations that have become affiliated as well as the greater number of advertisers supporting the services. On substantially greater revenues, the radio network operated at very close to a breakeven level for the first time in many years.

The seven owned AM radio stations, the most listened to group of radio stations in the country, posted record revenues and earnings. Their continued high level of service to their communities was recognized by the many outstanding awards received.

The seven owned FM radio stations, having been set up as a separate division from the AM stations with their own programming, personnel and facilities, incurred additional costs which were not offset by revenues. However, the trend of increased audience and revenues are encouraging in ultimately achieving a more viable operation in this expanding medium.

ABC News, with news bureaus and personnel throughout the world, maintained its high standards in providing comprehensive and balanced news coverage on our television and radio networks. The television network evening news program, supported by ABC News' international newsgathering team and enhanced by the addition of Harry Reasoner as co-anchorman with Howard K. Smith, showed exceptional growth in audience, station and advertiser acceptance.

Theatre revenues were somewhat lower than in 1970, reflecting the lesser

number of outstanding pictures released during the year. Despite this, theatre earnings were about equal to those of the prior year because of a reduction in operating costs. During the year, twenty-four new theatres were added and twenty-seven marginal properties were divested.

In theatrical motion picture production, some of the pictures released in 1971 and prior thereto were disappointing in their box-office performance and the loss for the year exceeded that of the prior year. "Kotch" and "Straw Dogs," released in the fourth quarter, currently are doing reasonably well. "Cabaret," starring Liza Minelli and Joel Grey, recently opened to excellent reviews. "Junior Bonner," starring Steve McQueen, is scheduled for release this summer. No further productions, designed primarily for theatrical exhibition, are planned at this time.

Our phonograph record production division showed greatly improved results over 1970, reflecting the popularity of a number of its artists, particularly in the popular music field. Results for our rack jobbing division, which services retail outlets, were also ahead of the prior year.

Other operations, farm publications and attraction centers, reported overall increased revenues and earnings. In the latter area, ABC Marine World, which was not profitable, was sold at year end.

Several important management changes were announced in January, 1972, looking toward the orderly succession of management and to better provide for the continued growth of the Company.

On January 11th, Simon B. Siegel, Executive Vice President of the Company, announced his retirement effective April 7th, having served ABC and its predecessor companies with distinction in the many positions that he held over forty-three years. Mr. Siegel expressed his conviction that the financial strength of ABC and its strong competitive position in the communications industry made him feel confident that it was the right time to turn over his daily responsibilities to our highly competent younger associates. At my request and that of our Board of Directors, he has agreed to remain on the Board and its Executive Committee so that we are assured of retaining his expert counsel and wide experience.

On January 17th, I was elected to the new position of Chairman of the Board and Chief Executive Officer, having served as your President and Chief Executive Officer since the inception of the Company in 1950. At the same time, Elton Rule was elected President and Chief Operating Officer. Mr. Rule, a member of the Board of Directors, was also elected to its Executive Committee. He served previously as Group Vice President of the Company and as President of the ABC Broadcast Division. Prior to that, he served as President of the Television Network and earlier as Vice President and General Manager of the ABC Owned Television Station in Los Angeles. It is a distinct pleasure and a matter of personal gratification to me and to the other members of the Board that we were able to elect Mr. Rule to the Presidency from within our Company. His outstanding knowledge of the communications industry as well as his years of seasoned experience with ABC highly qualified him for this promotion.

To further strengthen the financial position of the Company, a private placement was made with a group of institutional investors for $50,000,000 of 20-year 7% Subordinated Notes with 10-year Warrants to purchase ABC common stock. $40,000,000 of the placement was taken down in February, 1972 and the balance will be taken down by August. The Warrants will entitle the holders thereof to purchase an aggregate of 416,666 shares of common stock at a price of $48 per share, which price is related to the market price of the common stock during a period when discussions were being conducted with the purchasers. The proceeds received were used to pay $32,500,000 of outstanding bank loans and the balance was added to general corporate funds to be available for various corporate purposes. Also, on March 6, 1972 the Board of Directors called for redemption all of the Company's 5% Convertible Subordinated Debentures due July 1, 1993 at the redemption price of 104¼% of their principal amount plus accrued interest from January 1, 1972 to April 11, 1972, the date fixed for redemption. The Debentures are convertible until March 27, 1972 into Common Stock of the Company at the conversion price of $43.33 per share.

Once again, I wish to express my appreciation to our directors and employees for their dedication and competence and to our shareholders for their continued confidence and support.

Sincerely,

Leonard H Goldenson

Chairman of the Board and
Chief Executive Officer

March 10, 1972

The "ABC Evening News with Howard K. Smith and Harry Reasoner" achieved substantial audience growth in 1971.

ABC News brought viewers live color coverage of the dramatic moon exploration by Apollo 15's Lunar Rover.

"Make A Wish," the ABC News children's program, features film, unique animation and original music.

ABC News continued to provide comprehensive and balanced news coverage, analysis and commentary on the domestic and world developments of 1971.

The world-wide reporting facilities of ABC News provided on-the-scene coverage, often live by satellite transmission, of the major international developments of the year including the Indochina war and the Paris peace talks, the India-Pakistan confrontation over Bangladesh, the political-religious strife in Northern Ireland, the continuing tensions in the Middle East, the European Common Market and the fluctuating American dollar overseas.

Here at home, continuing coverage included wage and price controls on the economy, the growing threat of air and water pollution to our environment, the buildup to the 1972 political campaign, the challenges to achieving racial equality in education and employment, the problem of urban decay, the United Nations debates, the My Lai trials, the Supreme Court appointments and the operation of Federal, State and local governments.

In outer space, ABC News provided full coverage of two lunar flights, Apollo 14 and 15, with the latter providing live color coverage from the Lunar Rover in the most extensive exploration of the moon to date.

In addition to covering fast breaking news stories on its evening and weekend television network news programs, the ABC News interview program "Issues and Answers" afforded viewers the opportunity of witnessing national and international leaders making news with their own views. Guests included Treasury Secretary John B. Connally, Representative Wilbur D. Mills and AFL-CIO President George Meany on the economy and controls; the Indian and Pakistani Ambassadors on the subcontinent conflict; Bernadette Devlin and Brian Faulkner on the troubles in Northern Ireland; Ambassador George Bush on the admission of Mainland China to the United Nations; and Vice President Spiro Agnew on his political future.

The ABC News television documentary schedule for 1971 saw a return of the critically-acclaimed "Undersea World of Jacques Cousteau" series, in addition to such well-received programs as "Anatomy of Welfare," "How to Stay Alive," "The Cherokee Shaft: The Story of Mines and Men," and "Alcoholism—Out of the Shadows." A series of three half-hour programs, "Strangers in Their Own Land," dealt with the problems of Puerto Rican, Black and Chicano minorities. In addition, two hard-hitting documentaries detailed the problems facing today's Vietnam veteran; "Heroes and Heroin" told of the ravages of drug addiction among Vietnam G.I.'s, and "When Johnny Comes Marching Home" detailed the employment difficulties of the returning servicemen.

A new television network program for children in the six-through-eleven age group, "Make A Wish," was inaugurated in the fall. "Make A Wish" blends all the resources and techniques of the News Department to weave a fast-moving mind-expanding, free-association experience for its young viewers. Reviews of "Make A Wish" have been most favorable.

ABC News' religious series, "Directions," sought a more documentary approach, concentrating on the exciting personalities and developments in religion. ABC News Special Correspondent Frank Reynolds hosted a ten-part series on "Religion in America Today," featuring conversations with leading churchmen. Commentator Edward P. Morgan narrated two "Directions" programs on the Islam religion.

One of the significant achievements in 1971 for ABC News was the substantial audience growth and increased station clearance of its evening television network news program "ABC Evening News with Howard K. Smith and Harry Reasoner." Drawing on the latest reports from nine foreign and five domestic news bureaus, the program presented a comprehensive view of the major news developments of the day. Daily commentaries by Mr. Smith and Mr. Reasoner, which conclude the program, added a distinctive feature to the broadcast. The program attracted more than a million additional weekly households over the previous year and was cleared by forty additional stations.

The ABC News syndicated service, supplying film, taped and live news stories to subscriber stations in the United States and overseas, permitted those stations to include coverage of major stories throughout the nation and the world which they would otherwise have been unable to present in their own newscasts.

ABC Radio News, the largest radio network news service in the country, provided the 1330 affiliated stations of the four ABC Radio Network program services with 103 newscasts a day. The radio news services staffs are highly skilled and trained radio journalists who prepare the news programs from broadcast centers across the country in addition to using reports from the worldwide ABC News corps of correspondents.

The ABC Television Network showed marked improvement in audiences in all areas of programming in 1971.

In prime-time, the network further expanded its audience, reaching a virtual parity level with its competition and also improved its strong audience position among the younger adults who are regarded as a key audience group by most advertisers. "Marcus Welby, M.D." remained one of the most popular of all television programs and other shows such as "The FBI," "The ABC Sunday Night Movie," and the lineup of comedy programs on Friday also continued to attract large audiences. The "NFL Monday Night Football" series exceeded its outstanding performance of the previous year. "Movie of the Week" continued to set the pace and standard for films made-for-television, with such presentations as the widely acclaimed "Brian's Song," a true-life drama about the close relationship of two professional football players. This program attracted one of the largest audiences for any made-for-television film. Among the new programs added to the schedule this past fall were "Longstreet," "Owen Marshall: Counselor at Law" and "Movie of the Weekend."

In January, 1972 several programs of widely differing scope were added which further enhanced the balance and broad appeal of the program schedule. Among these were "The Monday Night Special" and "The ABC Comedy Hour," featuring some of the best known and most talented comedians.

In the fall of 1971, the network introduced a new schedule of children's programs on Saturday and Sunday mornings. The new shows included "Curiosity Shop," an hour program of exceptional quality, "The Jackson 5," an animated series, and ABC News' "Make A Wish," which combines entertainment with information. The schedule has met with excellent audience and critic response.

Continuing its initiative in this important area, the network is planning three additional innovations in children's programming for the coming 1972-73 television season. A series of original one-hour motion pictures for children, featuring both animation and live action, will be seen on Saturday mornings. A series of five-minute informational programs, set to contemporary music backgrounds, is planned, with the initial episodes to be titled "Multiplication Is." In addition, the network will present a series of hour-long special programs of an informational nature for children to be scheduled monthly in a weekday late afternoon time period. The subject matter of the specials will have the guidance of educators and will be school curriculum oriented.

The network's Monday through Friday daytime programs also substantially increased their audience levels during 1971 and reached a virtual parity level in their competitive position by the fall. The popular game show, "Password," was added to the schedule along with a half-hour edited version of the nighttime film series "Love, American Style," and both programs received very favorable audience response.

The network's late night "Dick Cavett Show" also enjoyed increased audiences. In addition to the many guests from the entertainment field, the show generated extensive coverage from programs featuring guests prominent in the news.

In the area of sports, the network continued its recognized preeminence. NBA Basketball, Professional Bowlers Tour, a series of golf tournaments, "ABC's Wide World of Sports" and NCAA Football all achieved record audience levels during the year. "The American Sportsman" was also very popular. In May, the network presented the first national telecast of the Indianapolis 500 as a two-hour edited version on the same day as the auto race.

The opening game of the network's NCAA Football series in the fall featured Grambling versus Morgan State, in the Whitney M. Young Memorial Classic, named in honor of the late director of the National Urban League. It marked the first time that a game between two black colleges was televised nationally. The Oklahoma-Nebraska game, telecast on Thanksgiving Day, attracted the largest audience for a regular season NCAA football game. At the end of the year, the network renewed its contract with the NCAA for two years, and in 1972 and 1973 again will be the only network to carry both college and professional football.

ABC Sports will cover the 1972 Summer Olympic Games from Munich, Germany from August 25th to September 10th. The telecasts will occupy the entire Monday to Friday prime-time schedule over a fifteen-day period, with coverage during both day and night on the weekends.

At the year end, the television network had 171 primary affiliates, an increase of three over 1970. By the fall, the network achieved a virtual parity position in prime-time and daytime audience levels despite the fact that the number of its primary affiliated stations still does not equal that of the other two networks.

Seventy-five awards and citations were presented to the television network, its programs and performers during the past year, including eleven "Emmys" from the National Academy of Television Arts and Sciences.

The Oklahoma-Nebraska game attracted a record audience for a regular season NCAA football game.

"Marcus Welby, M.D." starring Robert Young continued its outstanding popularity in its third season.

Billy Dee Williams (left) and James Caan in the acclaimed "Brian's Song," a "Movie of the Week" presentation.

"Curiosity Shop," a children's program of high quality explores subjects to arouse a child's natural curiosity.

WABC-TV's Geraldo Rivera brought distinction to the station through an incisive report on drug addiction in East Harlem.

WLS-TV's "Flynn-Daly Eyewitness News" pioneered a news program style which has attracted increased audiences in Chicago.

"Town Meeting" on WXYZ-TV in Detroit allows citizens to participate in discussion of community problems.

For the ABC Owned Television Stations, 1971 was a year of continuing progress in viewer and community acceptance, although there was a decrease in business reflecting general industry conditions in national spot advertising, particularly in the latter half of the year.

Under the FCC prime-time access rule, a nightly half-hour was released to the stations for local telecasting. As a result, all stations utilized additional time to augment their news, public affairs and community service programming. Three stations, WLS-TV in Chicago, KABC-TV in Los Angeles and KGO-TV in San Francisco, increased their early evening local news to ninety minutes on Monday through Friday. In addition, all of the stations added public affairs programs and scheduled a number of highly popular half-hour entertainment programs.

The stations continued to place emphasis on their local news programming resulting in significant audience growth and industry awards. By year end, the early or late evening local news programs either led or equalled the other leading stations in three of their five markets.

Among the news honors received were the duPont Columbia University award to WABC-TV newsman Geraldo Rivera for a report on the "Drug Crisis in East Harlem," the Illinois Associated Press award to WLS-TV for a five-part documentary on child abuse, and the San Francisco Press Club award to KGO-TV's newsman Van Amburg as "broadcast journalist of the year." Mr. Rivera also received the first-place award of the New York State Associated Press Broadcasters for general excellence of reporting.

In the public affairs area, the stations distinguished themselves with special programming and continuing series designed to explore community issues of citizen concern.

Among these were KABC-TV's two-hour study of public welfare in the Los Angeles area and the weekly "Town Meeting" series on WXYZ-TV in Detroit in which the studio audience participates in an open forum discussion. The problems of the minority groups were also treated in new and continuing weekly series on all of our stations. "Haney's People" on WXYZ-TV, "Like It Is" on WABC-TV and "Black On Black" on WLS-TV completed their third year on the air.

In addition, some of the stations are presenting separate programs in which the Spanish-speaking community have access to air time to communicate their interests and causes. These programs are "Unidos" on KABC-TV, "La Raza" on KGO-TV and "Oiga, Amigo!" on WLS-TV.

An innovation on our Chicago and Detroit stations was the inauguration of an ombudsman "Action Reporter" feature in the news through which viewers request station assistance to help resolve local community problems.

In another example of a continuing effort in station-community dialogue, all five stations telecast a daily live morning show, an important feature of which is a two-way telephone connection with the audience who call in questions on timely issues to guests of official significance and appropriate expertise.

All stations continued their policy of editorializing on important subjects and of granting air time for responsible rebuttals.

ABC Films

ABC International

ABC Films, the Company's television program distribution subsidiary, reported somewhat lower revenues. Programs released for syndication included: the nighttime version of "Let's Make A Deal," which has become one of the most popular shows in the early evening time period released to stations under the FCC access rule; "Discovery," the ABC News series that has won twenty-three major television awards; and two additional feature film packages.

ABC Films also released for foreign distribution three new children's series, "The Jackson 5," "Lidsville," and "Curiosity Shop," as well as specials and series produced by ABC News and ABC Sports.

As part of the prime-time access proceeding, the FCC has issued a rule which would prevent the Company from engaging in domestic syndication and would restrict its foreign distribution activities, the effective date of which is still pending.

Minority interests are held in thirteen foreign companies operating television stations principally in Latin America and the Far East, and in two television production companies.

ABC International serves as sales representative and/or programming consultant to these as well as other foreign television stations. During 1971, on behalf of a number of stations, it purchased the rights to telecast the Muhammad Ali-Joe Frazier World Heavyweight Championship Bout, which proved to be one of the most viewed sporting events in history.

ABC Radio Network

The ABC Radio Network furnishes four distinctive national news and public affairs services (the American Contemporary Radio Network, the American Information Radio Network, the American Entertainment Radio Network and the American FM Radio Network) to its affiliates and in its fourth year of operation has justified our faith in this unique concept. From its inception, network management has emphasized the development of programming which is compatible with the needs of the affiliates of each of the four network services.

The services have met with growing acceptance on the part of an increasing listening audience. New advancements in technical operations plus a number of improvements in special events coverage, round-the-clock news reporting and religious public affairs programming have enabled each of the four network services to offer both the major market and small area stations an increasingly higher quality service to their listeners, comprehensive coverage which individual stations could not provide for themselves.

New advertisers have been attracted to the medium because of their recognition of the value of one or more of the specific target audiences provided for by each of the four services. A number of affiliates have also been added. There is every expectation that these trends will continue and will justify on an increasing scale the very substantial investment and effort made to revitalize network radio.

Affiliates of all four services have particular praise for the ABC Radio Network "Newswatch," a special overnight news protection service which enables affiliated stations to remain on the alert for newsbreaks throughout the night after the regular broadcast day has ended. This service was in use on all the Apollo missions plus more than two dozen major news stories during 1971.

In an effort to help all ABC affiliated stations respond more effectively to the interests of minority groups within their listening pattern, ABC Radio News inaugurated a weekly series of special news broadcasts entitled "Community Newsfeed." This service is fed via closed circuit to all affiliates for use within local programming. The full facilities of the networks and ABC Radio News are behind this effort to improve the communications dialogue among minorities, public institutions and the mass media.

ABC News Correspondent Lou Cioffi received an Overseas Press Club Award for his network radio reporting from the scene of the East Pakistan tidal wave. An Information Radio Network special news documentary on this story, entitled "Disaster in East Pakistan," won a National Headliner Award.

The National Automobile Dealers Association honored the four services with a special award for outstanding public service in the broadcast promotion of driving safety, a series which previously received the Alfred P. Sloan and National Safety Council Awards.

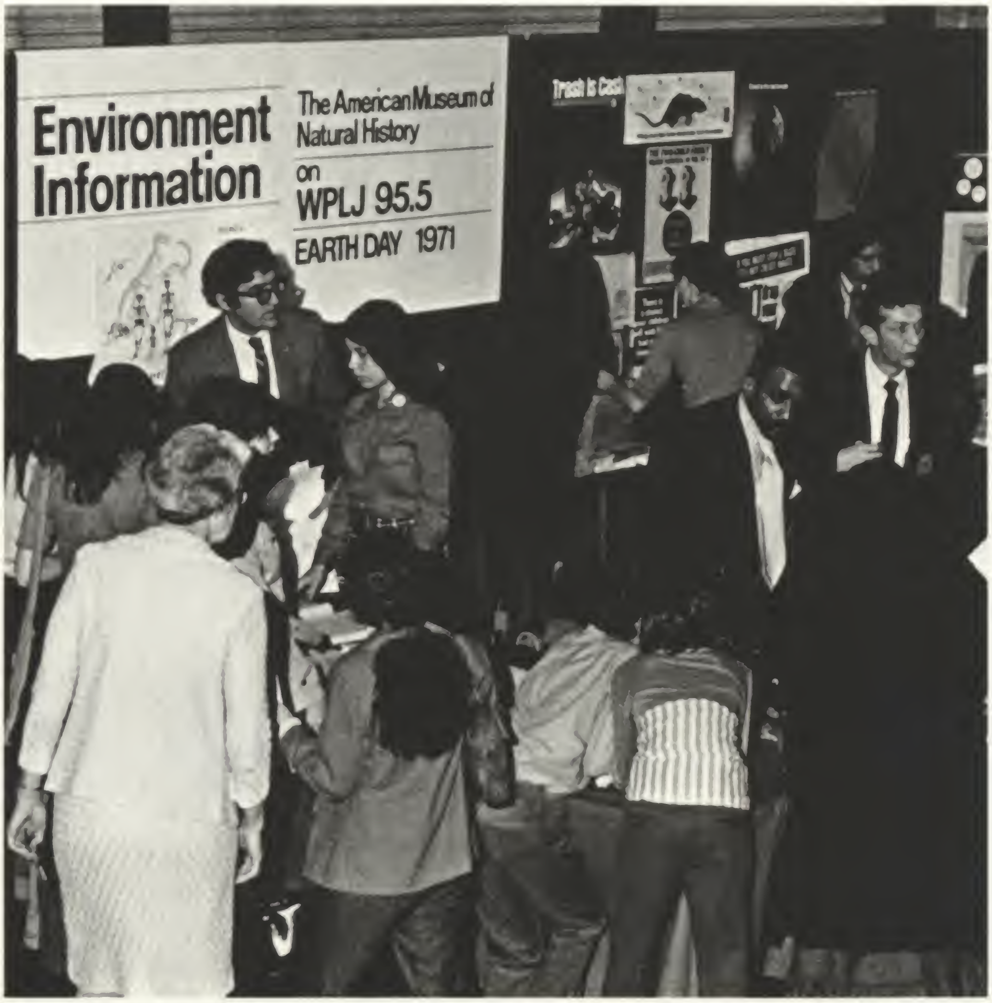
Radio News headquarters in New York where most news programming to the four network services originates.

Network radio news coverage from the scene of the East Pakistan disaster won two awards.

KABC's Ombudsmobile visits Los Angeles communities to help handle 30,000 annual citizen complaints.

WPLJ, ABC-FM station in New York, broadcast live from the Museum of Natural History on Earth Day.

College and high school newspaper editors gained insight to Chicago's WLS at a news conference.



The ABC Owned AM Radio Stations achieved audience and revenue gains in 1971.

The high business and audience performance levels are consistent with the stations' responsibility in serving their individual markets where their credo has been, "Find a Community Need and Fill It."

In New York, WABC won the Ohio State Award for its special "Drug Scene" series. Two of the ABC Owned AM Stations received awards from the American Bar Association in 1971; KXYZ in Houston for its series of programs based on the Bill of Rights, and KGO for seven editorials dealing with court conditions in San Francisco.

Associated Press Broadcasters Associations in three states awarded special citations to ABC Owned Radio Stations. KQV Pittsburgh won a Pennsylvania AP award for its three-part series on abortion reform. Three first-place awards in the Michigan AP competition went to WXYZ Detroit for excellence in individual reporting, best radio documentary, and best editorial. The California AP Association presented Certificates of Excellence to KABC Los Angeles for its news coverage of the February 9th earthquake, for its twenty-four-hour special on the acute unemployment problem in Southern California and for the best regularly scheduled sports program.

Pittsburgh's KQV received two Golden Quill awards for journalistic excellence in western Pennsylvania dealing with reform in the State Legislature. KABC, the nation's first news and conversation station, offered Los Angeles listeners a vital problem-solving service through its "Ombudsman" programs. Detroit's Orchestra Hall, famous for its fine acoustics, was saved from demolition through the efforts of WXYZ and others.

And in Chicago, WLS sponsored a drive to recruit thousands of young volunteers for the Students March Against Childhood Diseases, a benefit for St. Jude Children's Research Hospital.

The seven FM stations have been growing as vital broadcasting services in their communities. Having been separated from the AM stations to more fully develop their potential, they have established their own management and facilities, with unduplicated programming featuring music, conversation, news and editorials. Audience levels have improved and sales have increased, aided by our Company's newly formed national FM sales representative firm which also served fifteen non-owned stations at year end.

ABC Theatres

Theatre earnings were about equal to the previous year while theatre revenues were somewhat lower, reflecting the lesser number of quality pictures released. Basically, this level of earnings was maintained through a reduction of operating costs.

During the past year, twenty-four theatres were acquired and twenty-seven were divested. Approximately twenty theatres are in various stages of construction and most of these are expected to be in operation before the year end. This reflects the constant review of our theatre portfolio.

Giving effect to the acquisitions and divestitures during 1971, our Company, through subsidiaries, had interests in 431 theatres at the year end.

ABC Pictures

In theatrical motion picture production, some of the pictures released in 1971 and prior thereto were disappointing in their box-office performance and the loss for the year exceeded that of the prior year. Two pictures released in the fourth quarter currently are doing reasonably well; "Kotch," which recently received four Academy Award nominations including one for Walter Matthau as best actor, and "Straw Dogs," starring Dustin Hoffman. "Cabaret," starring Liza Minelli and Joel Grey, recently opened to excellent reviews. The picture is co-financed with Allied Artists and is based on the hit Broadway show. "Junior Bonner," a contemporary drama starring Steve McQueen and directed by Sam Peckinpah, is scheduled for release this summer. No future productions, designed primarily for theatrical exhibition, are planned at this time.

New twin auditorium theatre in Woodfield Mall Shopping Center, Schaumburg, Illinois.

New twin auditorium Ultra-vision Theatre, Deerfield Beach, Florida.

ABC Pictures' production of "Cabaret" stars Liza Minelli and Joel Grey.

Underwater mermaid shows, a unique attraction at the natural spring of Weeki-Wachee.

B. B. King, highly acclaimed blues singer and "Grammy" Award winner.

Beverly Sills, internationally famous soprano and recording artist.

Three Dog Night, one of the most popular recording groups.

ABC Records

ABC Records, which produces records under various labels, reported increased sales and greatly improved operating results.

The record company's performance for the year was due to the increased popularity of a number of favorite artists in the popular field such as Three Dog Night, Steppenwolf, The James Gang, B. B. King, Emitt Rhodes, and the return to recording of The Mamas and The Papas and Richard Harris. Notable increases were also attained in the company's progressive jazz label, Impulse, and the further development of its classical catalog including Westminster Gold. Beverly Sills achieved outstanding performances in three opera recordings released within twelve months, "Lucia Di Lammermoor," "Manon," and late in 1971, "Maria Stuarda." New pop acts in the development stage started to establish themselves, including Gayle McCormick and Hamilton, Joe Frank and Reynolds.

Results for ABC Record and Tape Sales Corp., the rack jobbing subsidiary, were greatly improved over 1970, due to the increased efficiency of its operation of direct servicing of retail outlets nationally.

Other Activities

Publishing and printing revenue for 1971 was at a record level. The three farm magazines, Prairie Farmer, Wallaces Farmer and Wisconsin Agriculturist, maintained their position among the leading farm magazines in the country.

Silver Springs and Weeki-Wachee Spring, the two natural scenic attractions in Florida, increased their revenues and drew record attendance this past year. With accelerating tourism projected for Florida, improvements are being planned to accommodate the anticipated increase in attendance at these two attractions. At Silver Springs, there will be a refinement and expansion of the Ross Allen Reptile Institute and the International Deer Ranch. Weeki-Wachee Spring has already opened a new Wild Bird Show and will add fifty rooms to its adjacent Holiday Inn.

Revenues: Revenues for the year of $756,495,000 were the highest recorded for the Company and compared favorably with the $748,262,000 recorded in 1970. The increase of $8,233,000 principally reflects increased broadcasting revenues together with higher revenues in our record production and rack-jobbing operations, partially offset by lower revenues in our theatre division and in our motion picture production operation. Our amusement attractions and farm publications also increased their revenues over 1970.

Earnings: Earnings from operations were $14,940,000 or $2.10 per share in 1971 compared with $15,979,000 or $2.25 per share in 1970. On a fully diluted basis, per share earnings from operations were $1.92 in 1971 and $2.08 in 1970.

Net capital and non-recurring losses of $1,740,000 or $.24 per share represent net extraordinary losses of $3,052,000 before estimated Federal income tax benefits of $1,312,000. These net losses resulted primarily from a net provision of $988,000 for increased costs for the 1972 Munich Summer Olympics resulting from foreign currency revaluation, $939,000 on the sale of the assets of ABC Marine World and estimated expenses of terminating this operation, offset by other net gains of $187,000.

Net earnings for 1971 were $1.86 per share compared with $2.37 per share for 1970. On a fully diluted basis, the respective amounts were $1.72 and $2.18.

Cash Dividends: Cash dividends of $8,519,000 were paid in 1971 compared with $8,503,000 for 1970. For both years, dividends on a per share basis amounted to $1.20.

Stockholders' Equity: Stockholders' equity increased to $177,515,000 or $24.95 per share at January 1, 1972 from $172,044,000 or $24.27 per share at year end 1970.

Long-Term Debt: The Company completed arrangements for the private placement of $50,000,000 of its 7% Subordinated Notes due in 1992 with 10-year warrants and options for 416,666 shares exercisable at $48 per share until 1982. This borrowing was consumated as to $40,000,000 in February, 1972 with the remaining $10,000,000 to be borrowed by August, 1972. The proceeds were used for repayment of our five year bank loans of $32,500,000 with the balance of $7,500,000 added to the general funds of the Company.

Long-term borrowings during the year amounted to $9,564,000, almost all of which related to the construction of the Century City Entertainment Center.

Long-term debt repayment during the year amounted to $21,848,000.

Property and Equipment: Property and equipment expenditures during the year of $22,159,000 were applicable as to $16,688,000 to expansion and improvements in our theatre division; $4,146,000 for acquisition of broadcasting equipment and upgrading television studio facilities; and $1,325,000 related to all other operations. Depreciation for the year amounted to $16,044,000 of which $9,384,000 related to broadcasting operations, $5,190,000 to theatres, and $1,470,000 to other operations.

Working Capital: Working capital at January 1, 1972 amounted to $176,950,000. The ratio of current assets to current liabilities at year end was 2.3 to 1. Items affecting the change in working capital are explained in the Statement of Changes in Consolidated Financial Position included with the consolidated financial statements.

Accountants' Report

The Board of Directors and Stockholders
American Broadcasting Companies, Inc.:

We have examined the consolidated balance sheet of American Broadcasting Companies, Inc. and subsidiaries as of January 1, 1972 and the related statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of American Broadcasting Companies, Inc. and subsidiaries at January 1, 1972, and the results of their operations and the changes in financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.
345 Park Avenue
New York, New York 10022
March 6, 1972

Consolidated Balance Sheet

Assets	January 1, 1972	January 2, 1971
Current Assets:		
Cash	$ 26,869,000	$ 21,405,000
Marketable securities, at cost (approximate market)	21,803,000	21,723,000
Receivables, less allowance for doubtful accounts of $3,456,000 in 1971 and $3,255,000 in 1970	113,733,000	108,103,000
Television and theatrical motion picture rights, production costs and advances, less amortization (Notes B, D & J)	126,037,000	127,948,000
Inventory of merchandise and supplies, at cost or less	16,315,000	13,336,000
Prepaid expenses (Note C)	6,901,000	2,511,000
Total current assets	311,658,000	295,026,000
Investments, less reserve of $3,868,000 in 1971 and $3,911,000 in 1970 (Notes A & E)	6,541,000	6,875,000
Property and Equipment, at cost (Notes C & D):		
Land	29,751,000	29,547,000
Buildings	71,424,000	74,667,000
Operating equipment	77,054,000	77,691,000
Leasehold and leasehold improvements	43,489,000	30,998,000
	221,718,000	212,903,000
Less-accumulated depreciation and amortization	74,793,000	66,755,000
	146,925,000	146,148,000
Other Assets:		
Intangibles, at cost (Note A)	22,859,000	22,826,000
Deferred charges	2,249,000	2,093,000
Other assets (Note C)	5,844,000	6,077,000
	30,952,000	30,996,000
	$496,076,000	$479,045,000

See accompanying notes to consolidated financial statements

Liabilities and Stockholders' Equity	January 1, 1972	January 2, 1971
Current Liabilities:		
Accounts payable and accrued expenses	$105,878,000	$ 91,828,000
Federal income taxes (Note C)	13,358,000	4,878,000
Loans payable within one year (Note D)	15,472,000	10,095,000
Total current liabilities	134,708,000	106,801,000
Long-Term Liabilities:		
5% convertible subordinated debentures (Notes D & K)	49,969,000	49,972,000
Loans payable (Note D)	109,760,000	127,421,000
Other (Note C)	18,632,000	18,004,000
	178,361,000	195,397,000
Deferred Income	5,492,000	4,803,000
	318,561,000	307,001,000
Stockholders' Equity (Notes E, F & K):		
Common stock, par value $1 per share, authorized 20,000,000 shares	7,367,000	7,341,000
Capital in excess of par value	67,372,000	66,561,000
Retained earnings	110,256,000	105,575,000
	184,995,000	179,477,000
Less-common stock held in treasury, at cost	7,480,000	7,433,000
	177,515,000	172,044,000
Commitments and Contingent Liabilities (Note J).		
	$496,076,000	$479,045,000

Statement of Consolidated Earnings	1971	1970
Revenues:		(Note A)
Broadcasting	$528,020,000	$523,221,000
Theatres	95,887,000	99,918,000
Records, motion pictures, publishing and others	132,588,000	125,123,000
	756,495,000	748,262,000
Expenses:		
Operating expenses and cost of sales	587,996,000	575,007,000
Selling, general and administrative	111,831,000	114,188,000
Depreciation and amortization of property and equipment (Note C)	16,044,000	16,129,000
Interest	9,028,000	7,808,000
	724,899,000	713,132,000
Earnings from Operations Before Income Taxes	31,596,000	35,130,000
Provision for Income Taxes (Note C):		
Federal	13,700,000	15,721,000
State, foreign and local	2,956,000	3,430,000
	16,656,000	19,151,000
Earnings from Operations Before Extraordinary Items	14,940,000	15,979,000
Capital and Non-Recurring Gains (Losses), net of applicable Federal income tax (Note H)	(1,740,000)	818,000
Net Earnings for the Year	$ 13,200,000	$ 16,797,000
Earnings Per Average Share of Common Stock (Note I):		
From operations before extraordinary items	$ 2.10	$ 2.25
Capital and non-recurring gains (losses)	(.24)	.12
Net earnings for the year	$ 1.86	$ 2.37
Fully-Diluted Earnings Per Average Share of Common Stock (Note I):		
From operations before extraordinary items	$ 1.92	$ 2.08
Capital and non-recurring gains (losses)	(.20)	.10
Net earnings for the year	$ 1.72	$ 2.18

Statement of Consolidated Retained Earnings	1971	1970
Balance at beginning of year	$105,575,000	$ 97,281,000
Net earnings for the year	13,200,000	16,797,000
	118,775,000	114,078,000
Deduct dividends on common stock-($1.20 per share in 1971 and 1970)	8,519,000	8,503,000
Balance at end of year (Notes F & K)	$110,256,000	$105,575,000

See accompanying notes to consolidated financial statements.

Statement of Changes in Consolidated Financial Position	1971	1970
Working capital provided from:		
Operations:		
Earnings before extraordinary items	$ 14,940,000	$ 15,979,000
Add expenses not requiring working capital:		
Depreciation and amortization	16,044,000	16,129,000
Provision for long-term deferred income taxes	1,438,000	1,253,000
	32,422,000	33,361,000
Capital and non-recurring gains (losses)	(1,740,000)	818,000
Add (deduct) items not requiring working capital	387,000	(1,246,000)
	(1,353,000)	(428,000)
Working capital provided from operations	31,069,000	32,933,000
Long-term borrowings	9,564,000	44,948,000
Sale of investments	71,000	1,946,000
Disposals of property and equipment	5,069,000	1,474,000
Sale of stock under option agreements	834,000	222,000
	46,607,000	81,523,000
Working capital used for:		
Payment of cash dividends	8,519,000	8,503,000
Purchases of property and equipment	22,159,000	29,273,000
Reduction of long-term loans payable	27,225,000	30,651,000
Other—net	(21,000)	2,011,000
	57,882,000	70,438,000
Increase (decrease) in working capital	$ (11,275,000)	$ 11,085,000
Changes in working capital:		
Cash and marketable securities	$ 5,544,000	$ (28,644,000)
Receivables, less allowance for doubtful accounts	5,630,000	11,686,000
Television and theatrical motion picture rights, production costs and advances, less amortization	(1,911,000)	20,415,000
Inventory of merchandise and supplies	2,979,000	(438,000)
Prepaid expenses	4,390,000	(2,959,000)
Accounts payable and accrued expenses	(14,050,000)	6,956,000
Federal income taxes	(8,480,000)	6,163,000
Loans payable within one year	(5,377,000)	(2,094,000)
Increase (decrease) in working capital	$ (11,275,000)	$ 11,085,000

See accompanying notes to consolidated financial statements.

Note A: Consolidation Policy: The consolidated financial statements include the accounts of American Broadcasting Companies, Inc. and its majority-owned domestic subsidiaries. The statement of consolidated earnings for 1970 has been reclassified to conform to the classifications used in 1971.

In 1971, the Company adopted the equity method of accounting for substantially all of its investments in non-subsidiary companies in which it owned at least twenty percent. The change from cost to equity basis had no material effect on the results of operations in 1971. The financial statements for 1970 have not been restated to incorporate the equity method because such change is not significant.

Intangibles as shown in the accompanying consolidated balance sheet represent the excess of cost over the underlying net tangible assets at dates of acquisition of companies, all of which occurred prior to 1970. Such intangibles are considered to be of continuing value and, therefore, are not being amortized.

Note B: Television and Theatrical Motion Picture Rights, Production Costs and Advances: Television program rights, production costs and advances of $83,411,000 primarily represent amounts paid less amortization based on usage for network programs and rental periods for local station programs. Management estimates that a major portion of the costs will be charged to operations within one year and substantially all of the balance in the subsequent year.

Theatrical motion picture costs of $42,626,000 are stated at the lower of cost or estimated realizable value. Amortization of these costs is based on the estimated flow of income. When it is determinable, based on such estimates, that a motion picture will result in an ultimate loss, the entire loss is reflected immediately.

Note C: Income Taxes: Provision has been made for deferred income taxes for certain items which affect taxable income and financial statement income in different periods. Provision for deferred taxes was $3,138,000 in 1971 and $4,249,000 in 1970.

Proposed income tax deficiencies for the years 1958 to 1960 were settled in 1971. A portion of the deficiencies related to timing differences, and therefore, the Company is entitled to a future tax benefit of approximately $3,000,000. This amount is included in the $5,365,000 of net estimated future tax benefits which are classified as prepaid expenses. Net deferred taxes payable of $908,000 are included in other long-term liabilities. In 1970, net estimated future tax benefits of $919,000 were included in prepaid expenses and $400,000 in other assets.

Properties acquired after 1967 are depreciated on an accelerated basis for tax purposes, but substantially all property and equipment is depreciated on a straight-line basis for financial reporting purposes.

It is the Company's policy to record the investment tax credit on the flow-through method. The investment tax credit for 1971 was not material.

The years 1961-1964 are currently under examination by the Internal Revenue Service. In the opinion of management, adequate provision has been made for any liability payable with respect to all open years.

Note D: Debt:

	January 1, 1972	January 2, 1971
Debentures:		
5% convertible subordinated debentures due July 1, 1993, convertible into common stock at $43.33 per share and redeemable at 104¼% to July 1, 1972 and at decreasing prices thereafter. Beginning July 1, 1979, the Company is required to retire $2,000,000 principal annually (Note K)	$ 49,969,000	$ 49,972,000
Loans:		
4.55% notes payable semi-annually $1,625,000 to January 1, 1985 and $10,750,000 on July 1, 1985	$ 53,000,000	$ 56,250,000
Bank loans at prime rate plus ¼ of 1% per annum payable quarterly $1,787,500 from April 2, 1973 to January 2, 1976 and $11,050,000 on February 2, 1976 (Note K)	32,500,000	32,500,000
Bank loans, secured by motion picture film rights, at prime rate plus ½ of 1% per annum payable by a subsidiary company from the net proceeds of various motion pictures, maturing on December 31, 1973	23,250,000	40,000,000
First leasehold secured note payable by a subsidiary company in quarterly installments with interest at 7½% per annum commencing with the completion of Century City Entertainment Center and the remaining balance on January 1, 1997. Total borrowing shall not exceed $12,000,000	9,000,000	—
Other mortgage and loans payable through 1985 with interest from 4½% to 8¾% per annum	7,482,000	8,766,000
Total	125,232,000	137,516,000
Less current installments	15,472,000	10,095,000
	$109,760,000	$127,421,000

Note E: Capital Stock and Capital in Excess of Par Value: At January 1, 1972, 2,000,000 shares of preferred stock, par value $1, are authorized, but none are outstanding.

During the year, changes in common stock and capital in excess of par value were as follows:

	Common Stock		Capital in
	Number of Shares	Amount	Excess of Par Value
Balance at January 2, 1971	7,341,291	$7,341,000	$66,561,000
Exercise of stock options by employees	26,002	26,000	808,000
Conversion of debentures	61	—	3,000
Balance at January 1, 1972	7,367,354	$7,367,000	$67,372,000

The 251,572 shares of common stock held in treasury at January 1, 1972 were purchased at a cost of $8,803,000 of which 29,882 shares at a cost of $1,323,000 are classified as an investment held for the purposes of the Key Employees Incentive Compensation Plan. During 1971, 1,878 shares were issued in connection with the Plan.

The following table reflects transactions in the number of shares under all stock option plans during the year:

Outstanding at beginning of year		528,524
Granted at 100% of fair market value ($29.50 to $52.25 per share)		107,950
Less:		
Exercised at prices ranging from $21.625 to $47.00 per share	26,002	
Expired or cancelled	37,766	(63,768)
Outstanding at end of year at prices ranging from $21.625 to $52.25 per share		572,706

Of the options for 572,706 shares outstanding, 208,056 were exercisable at January 1, 1972. The remaining options become exercisable as follows: 149,012 shares in 1972 and 215,638 in 1973 and later.

Common stock shares reserved total 1,988,383 to cover the above stock options outstanding, the 262,458 additional shares which may be issued under the Qualified Stock Option Plans and the 1,153,219 shares required for the conversion of the convertible subordinated debentures.

For information regarding the issuance of warrants and options subsequent to January 1, 1972, and the reservation of common shares for issuance related to such warrants and options see note K.

Note F: Retained Earnings: The various agreements pertaining to long-term debt contain, among other things, certain restrictions as to the payment of dividends (other than in shares of capital stock of the Company) or the purchase or redemption of capital stock of the Company. Of the retained earnings at January 1, 1972, approximately $30,000,000 was not so restricted under the most restrictive agreement which relates to borrowings made subsequent to January 1, 1972. (See Note K).

Note G: Employees' Benefits: The cost of the contributory retirement plans of the Company and certain of its subsidiaries paid to the retirement funds was $2,223,000 in 1971 and $2,190,000 in 1970, including amortization of the unfunded past service costs over a period of thirty years. The actuarially computed value of vested benefits exceeded the total of the retirement funds by approximately $6,476,000 at January 1, 1972 and $6,415,000 at January 2, 1971. The Company is also required to contribute to various union retirement funds under collective bargaining agreements.

On October 1, 1970, the Company established a Stock Investment Plan for the purchase of the Company's common stock by employees. The cost of the plan was $367,000 for the year 1971.

Note H: Capital and Non-Recurring Gains (Losses): Net capital and non-recurring losses of $1,740,000 represent net extraordinary charges of $3,052,000 less Federal income tax benefits of $1,312,000 resulting principally from net losses of (1) $939,000 from the sale of assets and discontinuance of operations by a subsidiary as described in the following paragraph, (2) $988,000 from foreign currency revaluation, (3) $187,000 from the disposal of a foreign investment. Such losses were partially offset by net gains of $374,000 on the disposal of theatre properties.

In December 1971, the Company sold substantially all of the assets of a subsidiary and discontinued its operations. Loss on the sale and expenses incurred after discontinuance of operations, amounting to $939,000 after Federal income tax benefit of $400,000, have been included as a non-recurring loss. The operating loss for 1971 of the subsidiary prior to the sale, excluding intercompany charges, amounted to $561,000, after Federal income tax benefit of $518,000, and has been included in earnings from operations before capital and non-recurring items. The corresponding loss included in the 1970 statement of earnings was $1,021,000 after Federal income tax benefit of $988,000. Revenues included in operations aggregated $2,002,000 in 1971 and $1,617,000 in 1970.

In 1970, net capital and non-recurring gains of $818,000 represent net extraordinary credits of $1,154,000 less Federal income taxes of $336,000 resulting principally from net gains of $618,000 on the sale of foreign investments and $399,000 on the disposal of theatre properties, partially offset by a $150,000 write-off of intangible costs which were no longer considered to have a continuing value.

Note I: Per Share Earnings: Earnings per share have been computed based on the weighted average number of shares outstanding during each year (7,099,000 shares in 1971 and 7,083,000 shares in 1970). Outstanding stock options have not been included inasmuch as their assumed exercise would have resulted in less than 3% dilution in both years.

Fully diluted earnings per share have been computed based on the weighted average number of shares outstanding, assuming full conversion of the convertible subordinated debentures (with appropriate adjustment to net earnings for the elimination of interest expense, net of tax effect), and also assuming the exercise of outstanding stock options, net of shares which could have been purchased from the proceeds based on the market price at the end of the year. The shares used for this computation were 8,445,000 in 1971 and 8,293,000 in 1970.

Note J: Commitments and Contingent Liabilities: The Company is liable under real property leases in effect at January 1, 1972 for minimum annual rentals totaling $7,829,000 of which $1,051,000 relates to leases expiring before 1974, $2,941,000 to leases expiring during 1975-1979, $1,542,000 to leases expiring during 1980-1989, and $2,295,000 to leases expiring after 1989. Total rent, including rentals based on a percentage of revenues, charged to operations in 1971 was $8,884,000 (1970 – $9,053,000).

Under contracts covering rentals of feature films for future telecast, the Company is obligated for payments aggregating approximately $95,000,000 during the next five years.

There are contingent liabilities under pending litigation including anti-trust suits. However, in the opinion of counsel, the Company will not suffer any material liability in connection therewith.

Note K: Subsequent Events: On February 1, 1972 a private placement with institutional investors was made for $50,000,000 of 20-year 7% Subordinated Notes with 10-year warrants and options to purchase the Company's common stock. $40,000,000 of the notes were sold on February 24, 1972 and the balance will be sold by August 1972. The warrants and options will entitle the holders thereof to purchase an aggregate of 416,666 shares of common stock at a price of $48 per share, which price is related to the market price of the common stock during a period when discussions were being conducted with the purchasers. The proceeds received were used to pay $32,500,000 of outstanding bank loans and the balance was added to general corporate funds to be available for various corporate purposes. On January 1 in each of the years 1976 to 1991 inclusive, the Company is required to prepay $2,940,000 of principal amount of the notes with the unpaid balance of $2,960,000 due on January 1, 1992.

On March 6, 1972, the Board of Directors authorized the redemption, on April 11, 1972, of the 5% Convertible Subordinated Debentures due July 1, 1993. Under the terms of the indenture agreement dated July 1, 1968 debenture holders have the option of redeeming their debentures at 104¼% of the principal amount thereof, plus accrued interest from January 1, 1972 to the date of redemption, or converting such debentures, by March 27, 1972 into the Company's common stock, $1 par value, at the price of $43.33 per share with cash being paid by the Company for any fractional shares.

On March 6, 1972, the Board of Directors voted to recommend for shareholder approval, at the annual meeting on May 16, 1972, an increase in the number of shares of authorized common stock, $1 par value, from 20,000,000 to 30,000,000.

Five Year Financial Summary (Dollars in thousands, except per share amounts)

	1971	1970	1969	1968	1967
Revenues					
Broadcasting	$ 528,020	$ 523,221	$ 507,807	$ 454,704	$ 431,325
Theatres	95,887	99,918	94,774	97,627	84,877
Others	132,588	125,123	118,343	81,663	58,750
Total	$ 756,495	$ 748,262	$ 720,924	$ 633,994	$ 574,952
Earnings—Total					
Operations	$ 14,940	$ 15,979	$ 17,639	$ 12,679	$ 11,759
Capital and non-recurring gains (losses), net	(1,740)	818	(878)	3,661	1,770
	$ 13,200	$ 16,797	$ 16,761	$ 16,340	$ 13,529
Earnings—Per Share*					
Operations	$ 2.10	$ 2.25	$ 2.44	$ 1.78	$ 1.67
Capital and non-recurring gains (losses)	(.24)	.12	(.12)	.51	.25
	$ 1.86	$ 2.37	$ 2.32	$ 2.29	$ 1.92
Fully Diluted—Per Share*					
Operations	$ 1.92	$ 2.08	$. 2.23	$ 1.69	$ 1.67
Capital and non-recurring gains (losses)	(.20)	.10	(.10)	.46	.25
	$ 1.72	$ 2.18	$ 2.13	$ 2.15	$ 1.92
Dividends					
Total	$ 8,519	$ 8,503	$ 7,675	$ 7,581	$ 7,515
Per share*	$ 1.20	$ 1.20	$ 1.07	$ 1.07	$ 1.07
Financial Position at Year End					
Working capital	$ 176,950	$ 188,225	$ 177,140	$ 151,581	$ 83,050
Property and equipment, net	146,925	146,148	133,872	129,024	127,024
Total assets	496,076	479,045	468,419	434,563	368,759
Long-term debt	159,729	177,393	163,101	143,527	84,381
Stockholders' equity	177,515	172,044	163,376	160,286	147,973
Number of common shares outstanding at year end*	7,115,782	7,088,903	7,072,795	7,193,595	7,062,928

*Adjusted for the 3 for 2 stock split in December 1969.

Board of Directors

Alger B. Chapman	Chairman of the Board of Squibb Corporation
Samuel H. Clark	Senior Vice President of Corporation
John A. Coleman	Senior Partner, Adler, Coleman & Co.
Donald C. Cook	Chairman of the Board, President and Chief Executive Officer of American Electric Power Company, Inc.
Everett H. Erlick	Senior Vice President of Corporation
Charles T. Fisher III	President of National Bank of Detroit
Leonard H. Goldenson	Chairman of the Board and Chief Executive Officer of Corporation
Robert V. Hansberger	President and Chairman of Boise Cascade Corporation
Jack Hausman	Vice-Chairman of the Board and Chairman of Finance Committee of Belding Heminway Company, Inc.
Leon Hess	Chairman of Executive Committee of Amerada Hess Corporation
George P. Jenkins	Vice-Chairman of the Board and Chairman of Finance Committee of Metropolitan Life Insurance Company
Elton H. Rule	President and Chief Operating Officer of Corporation
Theodore Schlesinger	Chairman of the Executive Committee of Allied Stores Corporation
Simon B. Siegel	Retired Executive Vice President of Corporation

Executive Committee

John A. Coleman, Chairman
Alger B. Chapman
Leonard H. Goldenson
Jack Hausman
George P. Jenkins
Elton H. Rule
Theodore Schlesinger
Simon B. Siegel

Officers

Leonard H. Goldenson	Chairman of the Board and Chief Executive Officer
Elton H. Rule	President and Chief Operating Officer
Samuel H. Clark	Senior Vice President
Everett H. Erlick	Senior Vice President and General Counsel
Jerome B. Golden	Vice President and Secretary
Robert T. Goldman	Financial Vice President
James C. Hagerty	Vice President
Herbert R. Hahn	Vice President
Michael P. Mallardi	Vice President
Marie J. McWilliams	Vice President
I. Martin Pompadur	Vice President
Harry Pape, Jr.	Treasurer
Warren D. Schaub	Comptroller
Eugene R. Hahn	Assistant Comptroller
William E. Pierson	Assistant Comptroller
Rudolph J. Skalka	Assistant Comptroller
Franklin Feinstein	Assistant Secretary

Executive Offices

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New York, New York 10019

Independent Auditors

Peat, Marwick, Mitchell & Co.
345 Park Avenue
New York, New York 10022

Transfer Agent

Bankers Trust Company
485 Lexington Avenue
New York, New York 10017

Registrar

The Bank of New York
48 Wall Street
New York, New York 10015

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